



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-5000

January 30, 2004

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

The Honorable Wayne Allard
Chairman, Subcommittee on Housing
and Transportation
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510-6075

Dear Mr. Chairman:

Section 204 of the Omnibus Consolidated Receptions and Appropriations Act of 1996, requires HUD to evaluate the programs carried out under the Moving to Work Demonstration, identify replicable program models promoting the purposes of the demonstration and provide findings and recommendations for any appropriate legislative action. This letter transmits the report of the evaluation.

The demonstration program allows participating public housing authorities (PHAs) to combine operating, capital and housing choice voucher funds and further allows for testing varied approaches to program administration, leaving the choice of which approach or combination of approaches to be tested up to each PHA. The primary goals of the demonstration are to: reduce cost and achieve greater cost effectiveness in Federal expenditures; give incentives to families to obtain employment and become economically self-sufficient; and increase housing choice for low-income families.

While not conclusive, the evaluation provides evidence that residents and PHAs have indeed benefited from MTW flexibility. Most participating PHAs chose to implement some form of rent reform, tailoring such reforms to their local situations and priorities. When given the choice of effectuating wide-ranging changes to the public housing system, twelve of the original eighteen MTW PHAs decided to implement different tenant rent policies that gave incentives for work and higher income. These PHAs "are convinced that their reforms have encouraged residents to seek work, work more hours, and pursue opportunities to increase their incomes," and these changes took place without wholesale or unnecessary displacement of residents.

In order to continue the experiment with varied public housing delivery systems, HUD is proposing a new three-year public housing reform demonstration program, Freedom to House. This initiative will be carried out in a more controlled environment than the MTW experiment, to permit assessment of the deregulation activities adopted by the agencies. HUD is proposing participation by 100 public housing agencies, 50 of which would be deregulated and 50 to serve as a control group. The design of this initiative will correct some of the flaws in the MTW assessment system and provide HUD and Congress with more detailed data with which to assess

reforms. MTW has provided a sound foundation for public housing reform, which will be continued by Freedom to House. At the conclusion of the demonstration, if not before, HUD will propose specific legislative changes, which will implement the findings of the demonstrations.

I appreciate Congress' interest in knowing the effects of the MTW Demonstration, and hope the information in this report is helpful.

Sincerely,

Michael Liu
Assistant Secretary

Internal HUD Distribution:						
Identification Lines:						
Correspondence Code	Originator	Concurrence	Concurrence	Concurrence	Concurrence	Concurrence
Name						
Date						